

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To Nicholls State University and the Louisiana Legislative Auditor
Thibodaux, Louisiana

We have performed the procedures enumerated in the Appendix, which were agreed to by Nicholls State University (the University), solely to assist the University in evaluating its compliance with the Perkins Loan Liquidation Procedures (the Liquidation Procedures) issued by the United States Department of Education (the Department). The Procedures performed in the Appendix serve to clarify procedures set forth in attachment A, step 3 to the contract between the Louisiana Legislative Auditor (LLA) and Postlethwaite & Netterville dated February 26, 2013. Management is responsible for the University's compliance with the Liquidation Procedures. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results obtained are presented in the accompanying Appendix.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Nicholls State University and the Louisiana Legislative Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

Postlethwaite + Netterville

Baton Rouge, Louisiana
July 3, 2013

Procedures Performed

- 1) We compared the number of loans retired, including purchased loans, and loans assigned to the Department on the Perkins Loan Portfolio maintained by the University to the number of retired loans and outstanding loans on the June 30, 2012 FISAP that was submitted to the Department without exception. The purpose of this procedure is to comply with procedure 1) a of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 2) We selected 25 loan files from the Perkins Loan Program files maintained by the University and compared the name of the borrower, amount of the loan and amount repaid and/or cancelled on the loan per the loan file to information presented on the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 1) a of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 3) We selected 5 cash receipts from the general ledger of the Perkins Loan fund and traced the payments to the loan files containing loan payment ledger cards to determine proper payment posting of principal and interest without exception. The purpose of this procedure is to comply with procedure 1) a of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 4) We compared the loan principal outstanding per the general ledger to the loan principal outstanding per the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 1) a of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 5) We obtained the loan files for the loans assigned to the Department and compared the name of the borrower, amount of the loan and amount repaid and/or cancelled on the loan per the loan file to the information presented on the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 1) b of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 6) We recalculated the accumulated interest on the assigned loans based upon information within the loan files and compared that recalculation to the outstanding interest on the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 1) b of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 7) We compared the service cancellation data on Section A of the June 30, 2012 FISAP to the data presented on the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 2) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 8) We compared the data on Section C of Part III of the June 30, 2012 FISAP to the data presented on the Perkins Loan Portfolio without exception. The purpose of this procedure is to comply with procedure 2) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 9) We compared the Federal Capital Contribution (FCC) on the June 30, 2012 FISAP to the general ledger on June 30, 2012 without exception. The purpose of this procedure is to comply with procedure 3) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.

Procedures Performed (continued)

- 10) We compared the Institutional Capital Contribution (ICC) on the June 30, 2012 FISAP to the general ledger on June 30, 2012 without exception. The purpose of this procedure is to comply with procedure 4) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 11) We compared the cash on hand per the June 30, 2012 FISAP to the amount on the University's general ledger at June 30, 2012 noting a difference of \$99. The purpose of this procedure is to comply with procedure 5) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 12) We compared the cash on hand per the University's general ledger at June 30, 2012 to the University's reconciliation of cash per the June 30, 2012 bank statement without exception. The purpose of this procedure is to comply with procedure 5) of the Coverage section of the Audit Requirements of Step 3 of the Liquidation Procedures.
- 13) The Department's Federal share of the University's revolving Fund was calculated using the following formula:

$$\frac{\text{Net FCC}}{\text{Net FCC} + \text{Net ICC}} \times \text{Cash on Hand} = \text{Final Distribution}$$

Definitions and Numerical Explanation

FCC: Federal Capital Contribution added to the Fund by the Department over period of time. As of June 30, 2012, FCC was **\$732,048**.

Repayments of Fund Capital to the Department: As of June 30, 2012, repayments of Fund capital to the Department was **\$792,695**.

Net FCC: FCC minus repayments of Fund capital to the Department. As of June 30, 2012 net FCC was **\$(60,647)**.

ICC: University Capital Contribution added by University over period of time. As of June 30, 2012, ICC was **\$81,338**.

Repayments of Fund Capital to the University: As of June 30, 2012, repayments of Fund capital to the University were **\$88,077**.

Net ICC: ICC minus repayments of Fund capital to the University. As of June 30, 2012, net ICC was **\$(6,739)**.

Cash on Hand: This amount is the cash the University still has on hand or in a depository account for the Federal Perkins Loan Program, including any funds returned to the Fund for the purpose of purchasing unassignable loans. At June 30, 2012, this amount was \$23,200. After assignment and for the purpose of completing liquidation, total cash on hand was **\$22,911**.

Procedures Performed (continued)

Results of Share Calculation Amount to be Returned to the Department

\$(60,647)

$$\overline{\$(60,647) + \$(6,739)} = .90 \times \$22,911 = \underline{\$20,620} \text{ Final Capital Distribution}$$

As of the date of our report, this final capital distribution has not been made to the Department.